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ABSTRACT

This analysis begins with a review of the history of economic impact studies of the arts. Characteristics of the environment that have led to the development of the economic impact study as an advocacy tool are identified and some of the significant early research in the area that set patterns for later studies is cited. In the second section of the study the major findings of prior studies of the economic impact of the arts are given. These indicate that: (1) the arts constitute a significant large-scale business activity; and (2) the arts have experienced significant growth in a very short period of time. In the third section of the study, issues of research design relevant to these studies are identified, including purpose, definition of the arts industry, methods of measuring impact, data-collection methods, selection and use of multipliers, and research administration. Contains 277 references. (MM)

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Twenty Years of Economic Impact Studies of the Arts: A Review

ED 410 184

Anthony J. Radich

Prepared for the Research Office of the National Endowment for the Arts

SO 028 613

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Table of Contents

	Page
History of Economic Impact Studies of the Arts	2
Changes in the Arts Environment	2
Public Subsidy for the Arts	2
Collective Impact of the Arts	5
Challenges to Public Arts Funding	6
Expansion of the Influence of the Business Sector	7
Roots of Economic Impact Studies of the Arts	10
Findings	15
The Arts Constitute an Industry	16
Growth of the Arts	24
Features of Research Design	26
Purposes of the Studies	26
To Promote the Arts as an Economic Asset	27
To Use as the Basis for Planning	30
To Measure Growth in the Arts	32
To Provide a Rationale for Area Taxes	33
To Conduct a Census of Arts Organizations	35
To Increase Sources of Revenue	36
To Provide Information on Arts Administration	41
Scope of the Arts Industry	43
Non-Profit Arts Organizations	43
Major Arts Organizations	44
Rural Arts Activities	45
Commercial Performing Arts	46
Visual Arts Retail	47
Individual Artists	49

Other Retail Activity 50

Non-Arts Cultural Organizations 50

Arts Personnel 51

Methods of Measurement 54

Cwi's Methods 54

Census Methods 57

Methods of Data Collection 59

Surveys of Arts Organizations, Businesses, and Government 59

Audience Surveys 62

Selection and Use of Multipliers 66

Research Administration 76

University Research Centers 76

Arts Organizations 77

Consulting Firms 78

Government Agencies 79

Accounting Firms 79

Conclusions 81

Problems with Economic Impact Studies of the Arts 81

Credibility 81

Lack of Congruency with the Arts 91

Strengthening Economic Impact Studies of the Arts 94

Advocacy Beyond Economic Impact 97

Bibliography 101

Twenty Years of Economic Impact Studies of the Arts: A Review

Over the past 20 years, the arts industry has developed and refined the economic impact study of the arts as a tool for use in arts advocacy. These studies have been completed in 34 states and over 100 cities and regions, suggesting the extent to which this tool has been used in the arts.

This study is a review of the economic impact studies of the arts produced over the past 20 years; it is based on an analysis of over 200 studies--all that were able to be located. This review is designed to contribute in two primary ways to thinking about the arts from an economic perspective. First, the analysis is designed to clarify the nature of economic impact studies of the arts--their features and the kinds of findings that reasonably may be expected to result from them. Second, this review is designed to help arts advocates in the process of commissioning or designing these studies make informed choices about the options available to them.

This analysis begins with a review of the history of economic impact studies of the arts. Characteristics of the environment that have led to the development of the economic impact study as an advocacy tool are identified, and some of the significant early research in the area that set patterns for later studies is cited. Next, the major findings of studies of the economic impact of the arts are reported. In

the third section of the study, issues of research design relevant to these studies are identified, including purpose, scope of definition of the arts industry, methods of measuring impact, data-collection methods, selection and use of multipliers, and research administration. For each of these features, various possibilities, as suggested in the studies, are identified. In the conclusion of the study, chief problems of the studies are identified and a reconceptualization of the design and use of the studies is proposed for the future.

History of Economic Impact Studies of the Arts

Over the past 30 years, the resource and policy environment for the arts in the United States has changed dramatically. The changes that have occurred are largely responsible for the development and use of economic impact studies of the arts.

Changes in the Arts Environment

Among the most important changes in this environment have been: (a) introduction of significant public subsidy for the arts; (b) growth of an arts industry large enough to have collective impact; (c) rise of political/philosophical questions about whether government should support the arts; and (d) expansion of the influence of the private business sector.

Public Subsidy for the Arts. Prior to the founding of

the National Endowment for the Arts in 1965, which provided incentives for the establishment of public arts agencies in states and territories, direct public subsidy for the arts existed but only on a limited scale. Most public subsidy occurred at the local level, with municipalities supporting art museums and major performing arts institutions. Very few public arts agencies existed to encourage the general development of the arts in cities or states.[1]

Concurrent with the expansion of public arts agencies was the establishment of local arts agencies, service and trade organizations such as the National Assembly of State Arts Agencies and the National Assembly of Local Arts Agencies, regional arts organizations, and a variety of service organizations based on disciplines and interest areas. In a brief 15 years after the founding of the NEA, a complex network was in place that, on a small scale, imitated the long-standing service and advocacy networks that had grown up around most other federal agencies. This network provided tangible evidence that government funding of the arts was no longer the exception; it had become an essential element of the arts industry.

When the arts became part of and dependent upon government, they were subject, for better or worse, both to the public-policy concerns of a broader group of

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[1] Edward C. Banfield, The Democratic Muse: Visual Arts and the Public Interest (New York: Basic, 1984).

constituents and to policy changes associated with changes in political leadership. For the first time, the arts were forced to respond in a system-wide fashion to ongoing public-policy issues such as race discrimination, access for the disabled, and accountability for public expenditure. The arts also became subject to the influence of periodic public-policy issues such as energy conservation, job development, economic development, and the health of the environment.

One consequence of the interrelationship between the arts and other public-policy issues was the need for the arts to respond to issues using the vocabulary and perspectives of government and public policy. As the policy environment became increasingly concerned with jobs, the economy, and community economic development, arts advocates had to craft responses that focused on the relationship of the economy to the arts, using the frameworks and terminology of economics. Rather than responding to issues using their own language--the language of theatre, dance, or music, for example--arts advocates began to employ the language of those to whom they were appealing for funds--the government.[2] Studies of the economic impact of the arts, then, constituted a reply to concerns about the role of the

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[2] For a discussion of identification as a strategy in economic impact studies of the arts, see Anthony J. Radich and Sonja K. Foss, "Economic Impact Studies of the Arts as Effective Advocacy," Economic Impact of the Arts: A Sourcebook, ed. Anthony J. Radich (Denver: National Conference of State Legislatures, 1987) 77-103.

arts in an economy addressed to those who understand this language.

Public subsidy for the arts led to the development of studies of the economic impact of the arts for yet another reason. Once the arts became part of government, they were compelled to gain access to the resource-allocation forums of government. When representatives of the arts sat at tables where decisions about resource allocations were made, they had to be credible enough to be considered worthy of a place at those tables. The economic impact study constitutes evidence of such worth. The arts were not alone in their selection of economic impact as a primary strategy for maximizing the allocation of public funds; tourism and sports have had similar difficulties communicating their worth on the basis of arguments more central to their purposes and have relied increasingly on economic impact studies to gain access to public resources.[3]

Collective Impact of the Arts. The growth in the size of the not-for-profit art sector was another environmental change that prompted the development of studies of the economic impact of the arts. As many of the country's communities organized cultural activities, the result of the

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[3]See, for example: Frank L. Hefner, "Using Economic Models to Measure the Impact of Sports on Local Economies," Journal of Sport and Social Issues 14 (1990): 1-13; and Rebecca L. Johnson and Fred Obermiller, "The Economic Impact of Tourism Sales," Journal of Leisure Research 21 (1989): 140-54.

impetus of the NEA, the size of the arts industry expanded. In the 27 years since the creation of the Missouri Arts Council, for example, the number of organized arts groups in the state has grown from 37 to over 300.[4] Such expansion in the size and complexity of the arts industry encouraged arts groups to see themselves, for the first time, as partners in one industry and thus as potentially economically significant. Arts groups realized that, collectively, they could have a voice in conditioning local public-policy environments for their benefit. A primary means for conditioning these environments has been economic impact studies of the arts.

Challenges to Public Arts Funding. A third environmental factor that has contributed to the commissioning of economic impact studies of the arts has been the development and promotion of the concept that government is too large and should be down-sized. Although the position that government is too large has been actively promoted throughout American history, its most recent manifestation emerged in conservative thinking and writings of the 1960s and 1970s and was applied in the programs and policies of Ronald Reagan's Presidency. Inherent in the concept that government is too large was the assumption that government should attend only to basic societal needs and to

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[4] Missouri Arts Council, internal memo (St. Louis: Missouri Arts Council, December, 1991).

those needs that can be handled only by government. From this perspective, the arts were defined as a non-essential and non-legitimate function of government that should be supported instead by the private sector.

Economic impact studies provided a way for the arts industry to respond to the argument that government should not fund the arts. These studies defined the arts as contributors to the economic well-being of communities and as entities that return more money to state and local treasuries than they draw down through subsidy. The arts, then, were defended on the basis of their low investment cost to government and their bountiful economic return. The argument about whether the arts constitute a legitimate arena for government was dismissed by arts advocates as irrelevant because the arts were proclaimed to not cost the government money but, instead, to generate tax revenue and help in the building of a productive economy.

Expansion of the Influence of the Business Sector. The desire to quantify the value of the arts also must be understood in the context of another trend--expansion of the influence of the private business sector. The years of the Reagan Presidency were characterized by the placement of a high value on the business sector and on the application of its market mechanisms to the government and non-profit sectors. From such a business perspective, the arts were viewed as a net drain on an economy rather than a net

benefit; they did not appear to generate money but to be net users of money. Consequently, the arts were seen as a charity with no economic value and thus no value. As Levine explains, "In the Darwinian world of the 1980's, the public is inclined to say that if the arts cannot compete in the market place, they do not deserve to survive."[5]

Levine points to the shift in strategy used by arts advocates in response to the business perspective: "This change in attitude has caused a shift in strategy by the arts community. The arts have ceased to stress their lack of competitiveness and have adopted business practices in their administration, price setting, marketing, and fundraising."[6]

Not only economic impact studies but other tools of business were adopted in the arts world. One manifestation of this embrace of business practices was an increase in calls by board members and others to "run the arts like a business" rather than to operate them in a "business-like manner." Another was the adoption of the corporate term, president and chief executive officer, for the former executive director or director titles that were traditionally used in arts organizations.

Economic impact studies povided the arts with a tool

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[5] Deborah Levine, "Economic Impact of the Arts" (Chicago: Illinois Arts Council, 1985) 3.

[6] Levine 3.

through which to express the value of the arts in the terms of the marketplace. They allowed arts advocates to argue that the arts can make a contribution to a market economy and that they do not function solely as a charity in such an economy. Largely because of the business influence on the arts environment, arts advocates have attempted to go beyond a demonstration of the arts as an economic asset to make claims concerning the arts' capacity to attract businesses to an area. Unfortunately, such claims remain to be proven. Nevertheless, in selective cases, where an area's liveability is a factor in a decision to relocate a business, the arts can play a significant role in creating a climate of "liveability."[7]

In many ways, the new environment for the arts that developed in the United States in the past 30 years invited the invention and use of economic impact studies of the arts. In order to survive and flourish in their new environment, the arts needed a tool that utilized the same language as others in government and defined them as the potential equals of other entities seeking public funds, capitalized on the potential impact of their collective size, responded to questions about the appropriateness of public funding for the arts, and enabled them to be valued

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[7] For a discussion of the connection between liveability and the arts, see, for example, Harvey S. Perloff, The Arts in the Economic Life of the City (New York: American Council for the Arts, 1979).

in a market economy. Economic impact studies of the arts were a predictable and natural response to the arts' new environment.

Roots of Economic Impact Studies of the Arts

The studies of the economic impact of the arts that developed in response to the new arts environment derive from two primary perspectives: (a) economic theory and applied economic research; and (b) public-policy analysis, particularly cost-benefit analysis. Economic theory and applied economic research provide a theoretical framework for describing how funds flow through an economy, and they offer ways to measure the volume and speed of that flow. In cost-benefit analysis, the theoretical tools of economists are applied to public-policy decision-making so that a quantitative value can be ascribed to the costs and benefits of an activity that receives or seeks to receive public funds. In the 1960s, the Rand Corporation was a leader in applying cost-benefit analysis to decision-making in the defense sector, and the Brookings Institution and Resources for the Future applied the method in the areas of natural resources and domestic programs.[8]

Although actual cost-benefit methods generally are not used in studies of the economic impact of the arts, the basic assumption on which these methods are based--that the

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[8] Robert H. Haveman and Julius Margolis, Public Expenditure and Policy Analysis, 2nd ed. (Boston: Houghton Mifflin, 1977) 8.

public benefits that accrue from a public expenditure can be measured--is inherent in them. In these studies, researchers and advocates are attempting to demonstrate that the benefits of the arts outweigh their costs.

The specific source of the methods used to measure the economic impact of the arts was a model developed by John Caffrey and Herbert Isaacs for estimating the economic impact of a college or university on its local community.[9] Caffrey and Isaacs were careful to qualify the kinds of outcomes their model could produce and the criteria by which it should be judged:

> Professional economists may well question the simplicity of the approach recommended, and they are entitled to do so. Neither the authors nor the American Council on Education make any claim to theoretical purity or completeness in the methods proposed. They are intended only to provide explicit, reasonable, straightforward procedures for estimating the more direct economic impacts of an institution of higher education on its neighboring community. In addition to the numbers that may result from the use of these procedures, there is a basic value in simply

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[9] John Caffrey and Herbert H. Isaacs, Estimating the Impact of a College or University on the Local Economy (Washington, D.C.: American Council on Education, 1972).

> drawing attention to some of the factors and sums taken into account . . . . The process of the study may well be more valuable than its final numerical results.[10]

Their model was refined by other researchers in the higher education field, but it remains the conceptual foundation for most economic impact studies of the arts.

The adaptation of economic impact studies of education to the arts was largely the work of David Cwi and Catherine Lyall. Their adaptation of Caffrey and Isaacs' model to the arts was published in the NEA's Economic Impact of Arts and Cultural Institutions: A Model for Assessment and a Case Study in Baltimore in 1977.[11] This study was designed to develop and refine research methods to inquire into the economic impact of cultural institutions, and its findings later were used to investigate the economic impact of cultural institutions in six cities.[12]

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[10] John Caffrey and Herbert H. Isaacs, as quoted in Pamela S. Sturm, "Politically Correct and Expedient Economic Impact Studies." (Washington, D.C.: American Association of State Colleges and Universities, n.d.) (ERIC Document Reproduction Sevice No. ED321659) 6.

[11] National Endowment for the Arts, Economic Impact of Arts and Cultural Institutions: A Model for Assessment and a Case Study in Baltimore (Washington, D.C.: National Endowment for the Arts, 1977).

[12] National Endowment for the Arts, Economic Impacts of Arts and Cultural Institutions: Case Studies in Columbus; Minneapolis/St. Paul; St. Louis; Salt Lake City; San Antonio; Springfield. (Washington, D.C.: National Endowment for the Arts, 1981).

Cwi and Lyall's adaptation of economic impact methods to the arts also was made available to arts practitioners through two conferences. The first was held in Baltimore in 1977, at which Cwi and Lyall presented the findings from their Baltimore study; a variety of papers on arts policy and economics and the arts were presented by others, as well. The conference proceedings were widely distributed, alerting many in the arts to the availability and value of research on the economic impact of the arts.[13] A second conference, held at Cornell University in 1981, focused exclusively on the economic impact of the arts; its proceedings were widely distributed in Issues in Supporting the Arts: An Anthology Based on the Conference "The Economic Impact of the Arts".[14]

Two other studies contributed in a major way to the development of the study of the economic impact of the arts. One was the 1983 study of the arts industry in the New York-New Jersey metropolitan region, conducted by the Port Authority of New York and New Jersey under the leadership of Rosemary Scanlon. The report was influential because it expanded on the existing methods for assessing economic

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[13] David Cwi, ed., Research in the Arts: Proceedings of the Conference on Policy Related Studies of the National Endowment for the Arts (Baltimore: Walters Art Gallery, 1978).

[14] Caroline Violette and Rachelle Taqqu, eds., Issues in Supporting the Arts: An Anthology Based on the Conference "The Economic Impact of the Arts (Ithaca: Graduate School of Business and Public Administration, Cornell University, 1982).

impact of the arts, was comprehensive in nature, and presented information on a market area commonly used as a source for comparative data.[15] The NEA-sponsored study of the economic impact of the arts in six cities further developed the methods for such studies. In that study, Cwi elaborated and refined the procedure for audience surveys. In addition, the inclusion of study-site volunteers and arts administrators in the execution of the studies greatly expanded the level of familiarity of the arts field with the process of the economic impact study.[16]

The early 1980s also saw the publication of works by William S. Hendon and James L. Shanahan that addressed issues of cultural economics and the economic impact of the arts, including Economic Policy for the Arts[17] and Economics of Cultural Decisions.[18] These books and the meetings and journal of the Association for Cultural Economics provided forums for further thinking about the arts in connection with economics.

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[15] Port Authority of New York and New Jersey and the Cultural Assistance Center, The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Region (New York, NY: The Port Authority of New York and New Jersey and the Cultural Assistance Center, 1983).

[16] National Endowment for the Arts, Economic Impacts of Arts and Cultural Institutions: Case Studies.

[17] William S. Hendon, James L. Shanahan, and Alice J. McDonald, eds., Economic Policy for the Arts (Cambridge, MA: Abt, 1980).

[18] William S. Hendon and James L. Shanahan, eds., Economics of Cultural Decisions (Cambridge, MA: Abt, 1983).

Discussions of the findings and issues relevant to the studies commissioned up through 1986 were summarized in the book, Economic Impact of the Arts: A Sourcebook.[19] Although its focus was primarily on the uses made of the studies, the book also contained critical commentary on the design and implementation of economic impact studies of the arts. It has been widely distributed and has served as a source document for many of the succeeding studies.

By the early 1980s, then, sufficient theoretical groundwork had been laid for even novice researchers to feel confident about methods for determining economic impact of the arts, a confidence reflected in increasing numbers of such studies. Prior to 1977, the greatest number of studies of the economic impact of the arts that occurred in a single year was 3; after that date, an average of 10 to 15 studies were completed annually.

Findings

Twenty years of economic impact studies of the arts have yielded two primary findings about the role of the arts in state and local economies: (a) the arts constitute an industry that has a positive and, in some cases, significant impact on state and local economies; and (b) the number of arts organizations and the size of their audiences have

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[19] Anthony J. Radich, ed., Economic Impact of the Arts: A Sourcebook (Denver: National Conference of State Legislatures, 1987).

grown significantly.

The Arts Constitute a Significant Industry

The most important collective finding of studies of the economic impact of the arts is that the arts constitute a large-scale business activity--significant in size. The primary means used to make the case that the arts are a significant industry is the measurement of direct economic impact, the total dollar amount spent in an area by arts organizations and by individuals on or related to arts events.

Although the figures in various studies cannot be compared due to substantial variations among them in scope and method, reports of direct economic impact of the arts in the studies serve as an indicator of the size of the arts industry. For example, the direct economic impact of the arts in cities is reported, in various studies, to be:

arts to redefine themselves, changing their image from one of a non-productive charity to a legitimate partner in state and local economic development efforts.

Growth of the Arts

The second major finding that emerges from the studies of the economic impact of the arts is that the arts have experienced significant growth in a very short period of time. This growth has been documented in cities, regions, and states that have commissioned more than one study of the economic impact of the arts.

Such growth is measured in many ways, but the most commonly used measures are audience size, number of arts organizations, and the general economic impact computed through a multiplier. Although the measures of these items have not been taken at consistent intervals and methods of measurement vary, reports of growth along these dimensions indicate that the arts industry is expanding.
Illustrative of reports of growth in the arts is the New England Foundation for the Arts' study in 1989, which compares findings of the economic impact of the arts in 1978 with 1988 in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. Although changes in the methods and survey instruments make comparison of the findings difficult, the figures suggest substantial growth of the arts in the region:

taxes are reported in the studies. One is the measure of payroll taxes for arts employees--those taxes paid directly by arts workers to the government; another is revenue from sales taxes paid by arts workers. The studies also report, although less frequently, flow-through taxes paid by persons who, through multiplier effects, receive funds that originate with salaries of arts workers or the programmatic or operational expenditures of arts organizations.

One of the first comprehensive measures of arts-related tax revenues was offered in the NEA's six-city study, in which Cwi considered the impact of property, sales, hotel, transit, parking, gasoline, restaurant, admissions and income taxes related to the arts.[30] The 1989 Maryland state study provides an example of a less comprehensive measure of tax revenue generated by the arts; only state sales and income taxes and county personal income taxes are reported. Even then, however, the study reports a tax impact of $14.4 million from the state's non-profit arts industry.[31]

The size and economic significance of an arts industry, then, are successfully established through the vehicle of the study of the economic impact of the arts. Establishment of the arts as a significant industry has positioned the

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[30] National Endowment for the Arts, Economic Impact of Arts and Cultural Institutions: Case Studies.

[31] Ahmadi 109.

Table 3

Estimated Total Economic Impact of the Arts[29]

Study Area	Report Date	Total Estimated Impact
Florida	1987	$1 billion
Kentucky	1988	$ 65 million
Texas	1984	$510 million
North Carolina	1987	$1 billion
Michigan	1983	$195 million
Cincinnati	1991	$102 million
Orange County, CA	1989	$259 million
St. Joseph, MO	1991	$.8 million

Tax revenues that are generated directly and indirectly through arts activity are another measure commonly cited to support the concept of the arts as a significant industry. A number of different types of taxes and measures of those

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[29] William B. Stronge, The Economic Impact of the Florida Arts Industry (West Palm Beach: Florida Cultural Action and Education Alliances, 1989) 9; Kentucky Citizens for the Arts, Economic Impact Study of the Arts in Kentucky: 1988 (n.p.: Kentucky Citizens for the Arts, 1988) n.p.; Peat Marwick, Mitchell and Company, Report on the Economic Impact of the Arts in Texas (Houston: Texas Commission on the Arts, 1984) 2; Governor's Business Council on the Arts and Humanities, The Arts Business in North Carolina: Update '87 (Raleigh: Governor's Commission on the Arts, 1984) n.p.; Touche Ross, Michigan: State of the Arts: An Economic Impact Study Summary of Findings (Detroit: Touche Ross, 1985) 5; Gregory W. Burgess and Howard A. Stafford, The Economic Impact of the Arts in Cincinnati, Ohio (Cincinnati: Greater Cincinnati Center for Economic Education, University of Cincinnati, 1991) ii; James L. Doti, The Economic Impact of the Nonprofit Arts on Orange County (Costa Mesa, CA: Orange County Business Committee for the Arts, n.d.) 2; Patrick H. McMurry, The Economic Impact of the Arts and Cultural Attractions (St. Joseph, MO: Allied Arts Council of St. Joseph, MO, 1991) 29.

construction, 12,145.[28]

Another measure of the size of the arts industry is the multiplied effect of arts-related spending. The multiplier is the measure of dollar flow related to a specific activity in an economy. It is the measure of the number of times a dollar "turns over" in a defined geographic area before it leaves the area or is transformed into savings. Large diversified economies that house a number of economic activities have somewhat larger multipliers than small economies with a limited number of industries. This is because the larger, more complex economies provide an abundance of goods and services and thus limit the need for purchasers to send dollars outside the area.

The application of the multiplier to direct spending on the arts results in a dollar-volume estimate of the size of the arts industry that can be very impressive. Some of the multiplied spending totals reported in studies of the economic impact of the arts are:

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[28] Holbrook 6.

attended nonprofit cultural events in 1986.[26]

Studies of the economic impact of the arts also establish the arts as a significant business activity by reporting on its size. One of the most common measures of the arts industry's size is employment, with employment figures for the arts compared with employment totals for other industries in a geographic area. One of the clearest reports of the comparative size of the work force of nonprofit cultural organizations is again found in the Boston study. It reports that cultural organizations in the city employ 4,188 full- and part-time employees; this number compares favorably to other non-government employers, such as the Bank of Boston Corporation, 7,300 employees; John Hancock Mutual Life Insurance Company, 5,900 employees; the Gillette Company, 3,500 employees; and The New England, 3,000 employees.[27] When the estimated number of independent artists and writers living and working in Boston is added to the number of employees of cultural institutions and this total of 16,000 workers is compared to the work forces of other industries, it also compares favorably: health services, 57,801; city government, 27,583; banking, 22,353; securities and commodities, 13,026; and

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[26] Holbrook 1.

[27] Holbrook 6.

through favorable comparison of the arts with other recognized industries. The industry to which the arts most frequently are compared is the sports industry. A study conducted in Kansas City, for example, notes that more people purchase admissions to arts events than to sporting events.[24] The city of Boston's study reports a more detailed comparison:

> Over 7.6 million people attended nonprofit cultural events in the city of Boston in 1986, including dance, theatre and symphony performances, special events and museums. This is more than double the number of people who attended professional sports in the city in 1986 (3.4 million).[25]

The Boston comparison is extended with the addition of other spectator activities:

> The number of people who attended movies, rock concerts and commercial theatre performances combined with sports, totals 6.3 million, which is still 1.3 million less than the number who

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[24] Mid-America Regional Council, The Economic Impact of Performing and Visual Arts, Museums, Historic Sites and Special Attractions on Metropolitan Kansas City (Kansas City, MO: Mid-America Regional Council, 1990) iii.

[25] Holbrook 1.

Table 2

Direct Economic Impacts of the Arts in Selected States[21]

State	Report Date	Direct Impact
Wisconsin	1987	$91.8 million
Oregon	1989	$42 million
Colorado	1989	$97 million
Maryland	1989	$167 million

Regions that are organizationally related or share special industry characteristics sometimes report the economic impact of their arts activities collectively. Illustrative is the study of the New York-New Jersey Metropolitan region, which reported direct impact of $2.7 billion in 1983[22] and the six-state New England region, which reported impact of $1 billion in 1988.[23]

Yet another way in which the studies attempt to establish that the non-profit arts constitute an industry is

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[21] E. Arthur Prieve, The Wisconsin Nonprofit Arts Industry: An Economic perspective (Madison: Wisconsin Academy of Sciences, Arts and Letters, 1987) 28; Oregon Arts Commission, Cultural Equation: The Sum of the Arts (Salem: Oregon Arts Commission, 1989) 5; Richard L. Wobbekind and Cindy E. DiPersio, Economic Impact of Nonprofit Arts Organizations in Colorado (Boulder: Business Research Division, College of Business and Administration, University of Colorado at Boulder, 1990) 26; Massoud Ahmadi, The Economic Impact of the Arts in Maryland (Baltimore: Maryland Department of Economic and Employment, 1989) 75.

[22] Port Authority of New York and New Jersey and the Cultural Assistance Center 91.

[23] Gregory H. Wassall, John J. Sullivan, Dora Present, and Gustavo Aristizibal, The Arts and the New England Economy: An Update (n.p.: New England Foundation for the Arts, 1989) 2-1.

Table 1

Direct Economic Impacts of the Arts in Selected Cities[20]

City	Report Date	Direct Impact
Boston, Massachusetts	1990	$100 million
Columbus, Ohio	1986	$ 34.6 million
Newark, New Jersey	1990	$ 17.2 million
Oklahoma City, Oklahoma	1991	$ 25.9 million
Rochester, Minnesota	1989	$ 1.2 million

States report the following direct economic impacts of the arts:

[20] Ellen L. Holbrook, The Economic Impact of the Arts on the City of Boston (Boston: ARTS/Boston and the City of Boston Office of the Arts and Humanities, 1987) 2; Greater Columbus Arts Council, The Arts and the Greater Columbus Economy (Columbus, OH: Greater Columbus Arts Council, 1986) 6; Catherine Lanier, The Impact of Not-for-Profit Arts Organizations on the Economy of the City of Newark and the State of New Jersey (Newark: Newark Arts Council, 1990) 7; Mary Rieder and Mary Vanden Noven, Economic Impact: Non-Profit Civic Arts Organizations (Rochester, MN: Rochester Council on the Arts, 1989) n.p.

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Table 4

Growth in the Arts in New England 1978-1988[32]

Item	1978	1988
Employment	42,335	45,336
Organization Spending	$207 million	$610 million
Number of Admissions	24.8 million	38.2 million
Audience Spending	$142 million	$398 million
Number of Organizations	2,830	3,154
State Sales Taxes Generated	$673,000	$1.98 million

A similar update was completed by the Columbus Arts Council in Ohio in 1986, which allowed a comparison with a study that had been conducted in 1978 as part of the NEA's six-city study. Comparative findings included:

Table 5

Growth in the Arts in Columbus, Ohio 1978-1986[33]

Item	1978	1986
Number of Admissions to Arts Events	698,020	1.2 million
Audience Spending	$7.7 million	$15.5 million
Spending by Arts Organizations	$3.7 million	$16.3 million
Economic Impact	$16.8 million	$55.1 million

Although the figures reported for economic impact are

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[32] Wassall et al. 3-3, 3-5, 3-9, 3-10.

[33] Greater Columbus Arts Council 10.

not precisely comparable since a different multiplier was used in the two studies, the researchers report that the lowest possible figure for percentage growth between the two years is 179%.[34]

Although few longitudinal studies of the economic impact of the arts have been completed, those that have been undertaken document strong growth trends in the arts in the last twenty years. This growth is one of the principal findings of studies of the economic impact of the arts.

Features of Research Design

Although economic impact studies of the arts tend to share some basic components, wide variations exist within the particular features included in their research designs. In this section, the range of options selected in the research design of economic impact studies of the arts is reviewed in the categories of: (a) purposes of the studies; (b) scope of the arts industry; (c) methods of measurement; (d) methods of data collection; (e) selection and use of multipliers; and (f) research administration.

Purposes of the Studies

Seven primary purposes characterize the economic impact studies of the arts that were reviewed: (a) to promote the arts as an economic asset; (b) to use study results as a

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[34] Greater Columbus Arts Council 9.

basis for planning; (c) to provide a rationale for new arts taxes; (d) to measure the growth of the arts; (e) to conduct a census of arts organizations; (f) to increase sources of revenue; and (g) to provide information to benefit arts administration.

To Promote the Arts as an Economic Asset. Economic impact studies of the arts have been commissioned for a variety of reasons, but all of them have as a purpose the promotion of the concept that the arts are a tangible economic asset to a community rather than an economic liability. This purpose is clearly articulated in Nebraska's 1976-1977 study; the opening sentence raises the basic question that all of these studies seek to address: "What are the arts worth to Nebraska?"[35]

The report of the economic impact of the 1978/80 California Arts Council's budget makes a plea for an appreciation of the economic value of the arts:

> Too often the arts are viewed as an economic frill, something a society should encourage only after everything "vital" is taken care of. The truth of the matter is that the arts are economically vital . . . more so than expenditures for many other government programs in terms of

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[35] Murray Frost and Garneth O. Peterson, The Economic Impact of Non-Profit Organizations in Nebraska, 1976-1977 (Omaha: Nebraska Arts Council, 1978) 1.

> jobs produced, diversity of business encouraged, and number of citizens enjoying the product of such expenditures.[36]

Maryland's 1989 economic impact study further expands on this rationale for inquiry:

> Until recently, it was assumed that the primary and perhaps the sole value of the arts in society was their strong ability to improve the quality of life. However, recent research in Maryland and elsewhere clearly shows that the arts are also a significant industry and a powerful partner in the economic development of our cities, towns, and communities. They contribute far more to the economy than they receive in private contributions and public funding.[37]

A surprisingly small number of studies explicitly state that their primary goal is to develop a base from which to argue for additional public support; the Nevada State Council on the Arts' study is one:

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[36] Thompson and Associates, Center for Policy Studies, The Economic Impact of the 1979/80 California Arts Council Budget (Sacramento: California Arts Council, 1979) n.p.

[37] Maryland Department of Economic and Employment Development, Economic Impact of the Arts in Maryland (Baltimore: Maryland Department of Economic and Employment Development, n.d.) n.p.

> The Nevada State Council for the Arts has long been interested in obtaining an estimate of the economic impact of the arts in Nevada. . . . This would demonstrate to the public and, more important, to state legislators and policy makers that the arts, through its expenditures for goods, services, and personnel, are a significant player in the economy of the state.[38]

Michigan's study also contains an explicit statement of this objective:

> The data and insights supplied by the study should be valuable to legislative bodies, corporations, and foundations for assistance in determining the "economic value" of arts expenditures, grants, and donations. In addition, this information is a vital aid to these groups by recognizing such outlays as true "investments", and understanding the "return" on the arts dollar.[39]

This positioning of the arts as an economic asset takes priority over all other stated purposes of the studies. In addition to serving as the chief argument of the studies,

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[38] James H. Frey, The Economic Impact of the Arts in Nevada (Las Vegas: Department of Sociology and Center for Survey Research, University of Nevada, 1991) 5.

[39] Touche Ross 2.

this purpose functions as the foundation upon which most of the other arguments in the studies are based.

To Use as the Basis for Planning. The studies serve purposes that go beyond the promotion of the arts an an economic asset to a community. One such purpose is for use in planning efforts--either by arts organizations or communities. The Rochester Council on the Arts in Minnesota, for example, used its study as a means to plan for the recruitment of business to the community: "In the Futurescan 2000 report, it was suggested that a study be done to . . . attempt to determine the level of commitment to the arts by the Rochester community to be used in recruiting business to Rochester."[40] In Wisconsin, an economic impact study of the arts was used to initiate planning to bolster the state's economy:

> In late 1985 the Governor met with representatives of the Research Council of the Wisconsin Academy of Sciences, Arts and Letters and later requested them to conduct "a comprehensive study of the arts in Wisconsin, focusing on their contribution to the economy and recommending measures to stimulate their growth."

Such a study, the Governor suggested, "would give us a thorough assessment of our current position and suggest new

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[40] Rieder and Noven n.p.

directions for both private and public development efforts."[41]

Other studies are designed to assist planning not for economic development but for cultural development. Montana's study is an example:

> As Montana looks forward to 1989, our Centennial year, it is essential that accurate information is available to state, regional and local governmental agencies for planning future cultural development. We must know what level of support will be needed from state sources as well as the funding available from local government, private and business donations, earned income, foundation and federal grants. The Montana Cultural Survey '82 is an important first step in providing data not only to assess the current situation but also to project future needs and to develop strategies to meet them.[42]

The San Francisco study cites a similar objective: "These findings . . . are intended to provide contributing information in the formulation of civic arts policies for

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[41] Prieve xi.

[42] Montana Arts Council, Montana Cultural Survey 1982 (Missoula: Montana Arts Council, 1984) 2.

the city."[43]

Economic impact studies of the arts, then, can serve as important sources to inform planning processes. These studies' capacities to reposition the arts as an economic asset can be the catalyst that generates involvement in planning, with the data they generate providing critical information on which to base decisions not only about the arts but about the larger community in general.

To Measure Growth in the Arts. Another purpose cited in the studies is a comparative one--to measure growth of the arts in a region. This purpose is cited in a study of the economic impact of the arts in Colorado:

> In 1990, the Colorado Council on the Arts and Humanities completed a survey on the economics of nonprofit arts organizations. This survey documented the progress in the arts economy in 1988 and 1989, prior to distribution of funds from the Scientific and Cultural Facilities District in the Metropolitan Denver area. The results reinforced the findings of an earlier study which showed that the arts play an increasingly important role in the economic life of the state

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[43] San Francisco Planning Department, San Francisco Arts Commission, and San Francisco State University Public Research Institute, The San Francisco Arts Economy: 1987 (San Francisco: San Francisco Planning Department, San Francisco Arts Commission, and San Francisco State University Public Research Institute, 1990) 1.

> . . . in tourism, business development, urban revitalization and rural development.[44]

A study of the arts in Winston-Salem/Forsyth County in 1984 also includes a demonstration of growth as one of its purposes: "In 1981 a study conducted by the Winston-Salem Journal and Sentinel showed the dramatic impact of the arts on Forsyth County. A new study, completed in the summer of 1984 by The Arts Council, Inc., confirmed this impact."[45]

The use of the economic impact studies of the arts to track the growth of the arts is modest but growing. As the arts increasingly are asked to account for their expenditures of public funds and to demonstrate progress to corporate and private donors, this purpose is likely to appear more frequently in these studies.

To Provide a Rationale for Area Taxes. Several of the economic impact studies were completed to provide the primary rationale and to generate support for a designated tax to benefit the arts. Studies with this purpose are often commissioned in areas in which the arts institutions in urban areas are patronized by suburban or rural residents who do not contribute tax dollars to support them. In some

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[44] Colorado Council on the Arts and Humanities, The Arts Mean Business (Denver: Colorado Council on the Arts and Humanities, 1990) n.p.

[45] Arts Council, Impact of Arts and Cultural Organizations of the Economy and Education in Winston-Salem/Forsyth County (Winston-Salem, NC: Arts Council, 1984) i.

cases, those who patronize these arts activities even cross state lines to do so. These studies are designed to prove that the arts draw people from outside a specific political or geographic area and to build a base on which to argue that all persons who benefit from the arts should help pay for them, whether or not they live within traditional tax districts.

A study completed in Kansas City, Missouri, exemplifies this purpose. In the Kansas City area, the fastest growing and wealthiest suburbs have grown out to the southwest of the city and are, therefore, in the state of Kansas. In order to demonstrate the need for a bi-state tax district that would benefit the arts in downtown Kansas City, the Metropolitan Association of Regional Governments commissioned an economic impact study. Included in the study was an investigation of the degree to which suburban Kansas City residents who lived in Kansas attended the arts activities in Kansas City, Missouri.[46]

Documentation of patterns of use of arts institutions was one of the purposes of an economic impact study done in Denver. The economic impact research later was used to support the development of a six-county sales tax to benefit the major arts institutions located in the city of

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[46] Mid-America Regional Council.

Denver.[47]

Commissioning of studies to support an argument to impose taxes to support the arts is a less common objecive in economic impact studies of the arts. This purpose is prompted by a unique set of circumstances relevant only to certain cities, regions, and states.

To Conduct a Census of Arts Organizations. In other studies, the economic impact study is designed as a vehicle to undertake a census of arts organizations and activities in an area. In many of the studies with this purpose, in fact, the portion of the report dealing with economic impact appears to be of secondary importance to the information-gathering effort. The state of Louisiana, for example, conducted its 1980 study in part "to collect and disseminate comprehensive information relative to the preservation, utilization, and development of arts and cultural resources in Louisiana."[48] New Mexico's study has a similar purpose; the study is described as "providing and disseminating information about the arts to the public . . . ."[49]

Use of the economic impact study as a vehicle for

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[47] Peggy Cuciti, Economic Impact of the Arts in the State of Colorado (Denver: Center for Public-Private Sector Cooperation, 1983) 83.

[48] Research Associates, Resource Directory and Economic Impact of the Arts in Louisiana (Baton Rouge: Research Associates, 1980) n.p.

[49] Av Shama and Associates, Economic Impact of the Arts in New Mexico: A Limited Study (Santa Fe: New Mexico Arts Division, Office of Cultural Affairs, 1986) i.

"census taking" of the arts is likely to decline as the arts mature to the point where they can rely on current records and historical census material. Only if the arts experience another burst of growth such as that which occurred in the 1970s will censuses of organizations be required on a large scale again.

To Increase Sources of Revenue. Although usually not stated explicitly, another purpose of the studies is to identify the sources of income for arts organizations and the volume of funding provided by those sources. Although proper analysis of the economic impact of the arts requires knowledge of the funding sources of arts organizations, the motivation for inclusion of these data in most of the studies is clearly to prompt an increase in revenue from the various sources--whether from the public or private sectors. The percent of the total income of the arts industry each sector contributes can be used by arts advocates in arguing for increased support.

Although few studies use the sources of revenue to the arts industry to describe arts economic impact properly, a thorough economic analysis of the economic impact of the arts would be highly focused on the sources of arts funds. The primary purpose of these studies might be to distinguish between net increases in spending in the study area and the diversion of spending to purchases of goods and services outside the study area. The point here is that monies spent

on the arts that would be spent on something else if the arts were not available are not monies that contribute to the growth of an area's economy. Measurements of monies spent by local residents that would leave an area if arts activities were not available and monies that would not come to an area unless arts activities were available are indicators of the true value of an arts industry to a local economy.[50]

The reporting of local, state, and federal funding sources of arts institutions occurred in the Cwi studies; the reporting of sources set a precedent that has been followed in most subsequent research. Although only a limited number of institutions are examined per city in the six-city study, the percentage of those institutions' budgets attributable to the three levels of government is reported:

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[50] For a complete discussion of this point, see Bruce A. Seaman, "Arts Impact Studies: A Fashionable Excess," Economic Impact of the Arts: A Sourcebook, ed. Anthony J. Radich (Denver: National Conference of State Legislatures, 1987) 43-75.

Table 6

Government Revenues as a Percentage of Examined Institutions' Operating Budgets[51]

City	Local	State	Federal	Total
Columbus	2.1%	2.2%	2.9%	7.2%
Minneapolis/St. Paul	.4%	3.1%	3.6%	7.1%
St. Louis	24.2%	7.8%	5.8%	37.8%
Salt Lake City	6.3%	14.0%	11.5%	31.8%
San Antonio	26.5%	.2%	8.7%	35.4%
Springfield	1.2%	76.7%	2.7%	80.6%

The purpose of presenting these data was to support work in the area of "secondary economic effects," but the data also demonstrate the widely divergent roles various levels of government play in the support of the arts in different cities.

Alaska's study illustrates a detailing of revenue sources following Cwi's model. It includes a chart that identifies the sources of revenue for all private arts organizations in Alaska. The chart attempts a particularly accurate accounting of such revenue by adjusting the data to exclude institutions that receive extraordinary amounts of state revenue. Sources of revenue for the arts in the state are identified as:

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[51] National Endowment for the Arts, Economic Impact of Arts and Cultural Institutions: Case Studies 23.

Table 7

Sources of Revenue for Private Alaska Arts Organizations[52]

Revenue Source	Percent
Admissions	25%
Foundations	1%
Corporations	10%
Contractual services	7%
Memberships and sponsorships	5%
Other private revenue	6%
Local government	31%
Federal government	4%
State government	4%
Alaska State Council on the Arts	7%.

Among the conclusions drawn from the analysis of the sources of income is that "total earned income and revenue from private sources exceed revenues from government sources for arts organizations."[53]

A study of the economic impact of the arts in Nevada provides a different array of sources of revenue for the arts. Sources identified in this study are:

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[52] McDowell Group, The Economic Impact of the Arts in Alaska (Anchorage: Alaska State Council on the Arts, 1991) 10.

[53] McDowell Group 10.

Table 8

Sources of Revenue for Nevada Arts Organizations[54]

Revenue Source	Percent
Earned income	48.1%
Endowment income	2.5%
Gifts	27.3%
Local grants	6.0%
State grants	12.9%
Federal grants	3.2%

This breakdown, combined with the stated purpose of the study, suggests that this information may be used by advocates to argue for the need for additional funding from the public sector.

North Dakota's study also includes identification of sources of revenue for the arts. This study includes a pictograph entitled, "Where Does the Money Come From?," which delineates sources of arts support with special breakouts for earned and contributed income. The graph is supported by a detailed numerical itemization of revenues from various sources.[55]

The reporting of revenue sources for the arts, found in nearly all of the studies of economic impact of the arts,

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[54] Frey 7a.

[55] Doris Hertsgaard and Bette Midgarden, The Economic Impact of the Arts in North Dakota (Fargo: Statistical Associates, 1985) 5.

commonly serves as an advocacy tool rather than as a source of data that supports an argument that the arts are a factor that contributes to the growth of a local economy--in other words, by attracting dollars to an economy and/or preventing dollars from leaving an area. The purpose of identification of these sources, more often than not, appears to be the establishment of a framework in which arts advocates can suggest the rearrangement of pieces of the revenue-source pie.

To Provide Information on Arts Administration. In many of the studies, case studies or other special studies are included or appended. Many of these studies demonstrate that economic impact would not exist in the arts without the artful execution of arts projects. But they also provide critical information about how projects are initiated and managed to successful conclusion in the non-profit arts world. In the relatively new field of arts administration, where administrators and advocates often have little formal training and experience, these special studies provide a means to expand the field's knowledge base, to pass along information about successful strategies and projects, and to inform decision-making and strategy building.

The 1983 and 1990 studies of the economic impact of the arts in Colorado include a case study of the transformation of Aspen from a ghost town into a thriving resort through the use of a major focus on the arts. The effort began in

1949, with Chicago industrialist Walter Paeplke's sponsorship of the Goethe bicentennial, a three-week arts and humanities event that brought to Aspen such luminaries as Albert Schweitzer, Thornton Wilder, and Arthur Rubenstein. The Aspen Music Festival was established as part of this effort and now attracts 100,000 persons annually to the community. The description of how this town was transformed into an international resort provides useful information to others involved in similar ambitious efforts.[56]

In the economic impact study of the Newark Arts Council, a survey is included of the attitudes of resident non-profit arts organizations toward operating in Newark. The survey reports organizations' responses to questions about the availability of suppliers, whether a Newark location is advantageous or disadvantageous in terms of gaining local recognition, and their perception of the state of personal and patron security in the city. The survey suggests to arts administrators and advocates both the advantages and challenges of a large, mature city as a location for arts organizations and offers information to other arts organizations on how such data, gathered in communities, might assist in their own planning processes.[57]

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[56] Wobbekind and DiPersio 30-34; Cuciti.

[57] Lanier 12.

Economic impact studies of the arts, then, are undertaken not simply to demonstrate the impact of the arts on communities' economies. This primary purpose is joined by a variety of other objectives that point to the myriad ways in which the studies are used by those who commission them.

Scope of the Arts Industry

A fundamental issue in the design of economic impact studies is their scope or inclusiveness in terms of conception of the arts industry. This issue alone accounts for much of the variation in findings among the studies; it also provides insights into arts advocates' and administrators' perspectives on the arts. The highly varied patterns of what are included as components of the arts industry in the studies indicate that those in the arts have yet to arrive at a consensus about what constitutes their industry.

Included in the arts industry in these studies are: (a) non-profit arts organizations; (b) major arts organizations; (c) rural arts activities; (d) commercial performing arts activities; (e) visual arts retail; (f) individual artists; (g) other retail activity; (h) non-arts cultural organizations; and (i) various definitions of arts personnel.

Non-Profit Arts Organizations. One type of organization that is included in virtually all of the

studies as part of the arts industry is the non-profit arts organization. These organizations develop and deliver arts activities and hold not-for-profit designation from the Internal Revenue Service. Lists of these organizations are readily obtainable for use in economic impact studies of the arts because these organizations usually have applied for funding from state or local arts agencies, which keep the organizations' names, addresses, and contact persons' names on file.

Major Arts Organizations. Although there is agreement, in the studies, that non-profit arts organizations are part of the arts industry, there is not consensus on which non-profit arts organizations should be studied for their economic impact. In some studies, only the major non-profit arts institutions--the core group that provides 80 to 90 percent of the arts-related economic activity of an area--are studied. The chief example of this, which perhaps set the pattern for later studies, was Cwi and Lyall's six-city study sponsored by the NEA.[58] The surveys in each city were limited to "selected" arts organizations; with few exceptions, these organizations were the major organizations in each city.

Definition of all the non-profit arts industry as being represented by an area's major arts organizations is

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[58] National Endowment for the Arts, Economic Impact of Arts and Cultural Institutions: Case Studies.

inaccurate but methodologically convenient in that data from these organizations are easily collected. In addition, these data may be more accurate than data collected from small organizations because major organizations usually have the administrative capacity to collect and report statistics correctly. They also frequently conduct their own special surveys and analyses, which may produce information of the kind relevant to economic impact studies. In contrast, small and emerging arts organizations commonly experience difficult periods of start-up and periods of organizational retrenchment, during which accurate record-keeping may suffer.

Another reason major arts organizations are privileged in the studies is that they often initiate the economic impact studies. Collectively, they frequently constitute the group that promotes the use of economic impact studies as advocacy tools and usually are involved in the preplanning, financing, and design of the studies. Finally, a focus on major arts organizations allows for the rapid updating of existing economic impact reports. Collecting statistics from 10 major organizations is more expeditious than re-surveying 30 to 100 organizations of all sizes with various abilities to respond.

Rural Arts Activities. Concomitant with a focus on major arts organizations in economic impact studies of the arts is likely to be a focus on the impact of the arts in

cities. The studies provide only a cursory view of the impact of the arts on rural economies. In most instances, where measures of rural arts are included, they are instances in which an arts organization exists in a small community or an arts festival is held in a community. The study of the economic impact of the arts in Nebraska, for example, is based on the results of a survey of 241 organizations identified in the Nebraska Arts Council's application files. It does not include individual artists, profit-making arts organizations, or non-art community organizations that sponsor arts events. The result is that vast stretches of this largely rural state are not considered in the report.[59] Alaska is one of the few states that includes rural areas in its economic impact study. This study, which considers individual artists, particularly native artists, provides insights about individual artists' impacts on rural arts economies.[60]

Commercial Performing Arts. Issues of scope in the studies go beyond conceptualization and treatment of non-profit arts organizations to whether commercial organizations should be included. Many studies include in the definition of the arts industry organizations and/or facilities that specialize in the presentation of commercially viable arts activities, ranging from traveling

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[59] Frost and Peterson 1.

[60] McDowell Group 34-36.

Broadway shows to rock-music programs to solo vocal acts. In some cases, organizations that present primarily commercial programs are included in definitions of the arts industry. The St. Louis study is one in which commercial performing arts venues are included among the organizations that contribute to the arts' economic impact. The study includes an outdoor theatre, the Municipal Theatre Association, a non-profit theatre that features some commercial acts year round and has a summer outdoor theatrical season that is commercial in nature.[61]

Although studies that do not include commercial organizations do not include statements about why they were excluded, the purposes of the studies suggests a plausible motivation. Commercial organizations do not rely on contributions and public support and so are different in character than most of the groups studied; these commercial organizations would not benefit from increased funds that might be allocated as a result of advocacy related to these studies. A second possible reason for their exclusion may lie in conceptions of aesthetic quality held by non-profit arts organizations. Commercial organizations may not be viewed as a legitimate part of their industry because of qualitative differences in the products they present.

Visual Arts Retail. Another problematic category for

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[61] Development Strategies, The Economic Impact of Museums and Performing Arts Institutions in the St. Louis Metropolitan Area (St. Louis: Development Strategies, 1988).

defining the arts industry is retail sales in the visual arts. The individuals and organizations engaged in this activity are included in some studies, but most do not report them. One form visual arts retail assumes is artists' sales of art work and crafts at festivals or fairs. The study of the arts in Tidewater, Virginia, for example, includes a special report on the sale of work at a large outdoor art fair held annually in the area.[62] For the most part, however, the studies do not attempt to estimate the economic impact of the art fairs in a city or state.

One reason for this may be that the quality of art fairs varies substantially. They offer work ranging from the products of hobbyists to high-quality work by professional artists. Sponsors of the studies that exclude sales of work at art fairs might argue that the sale of low-quality retail art sales does not qualify for consideration because it is not of sufficient quality to be considered part of the arts industry. Those who include these sales might argue that although the quality of the arts sold at these events may not be high, the purchaser still intends to buy an aesthetic object. This intent may qualify the purchase of even the most aesthetically abject item as a contribution to the economic impact of the arts.

Another dimension of visual arts retail is the sale of

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[62] Roger Richman, The Arts in Tidewater (Norfolk, VA: Metropolitan Arts Congress of Tidewater, 1977).

work at professional galleries. Again, there is no agreement among the studies as to whether to include sales at retail galleries in the arts industry. Retail art sales are not considered in the New York/New Jersey Port Authority study, which nevertheless reports that galleries and auction houses contributed a total impact of $360 million to the region "exclusive of the value of artwork."[63] New Mexico's study in 1986 also reports sales of art at non-profit galleries; the sales totalled $45 million and had a $100 million economic impact on the economy of New Mexico.[64] The Alaska study is one that reports retail art sales; these sales reached $23 million in 1990, with the galleries employing 615 people.[65] The authors of this study explain that they included these figures in the study and see them as important because they represent continuing art experiences: "Organizations tend to present ephemeral arts experiences; they offer performances and exhibits that most people visit or attend just once. Art retailers offer a product that lasts."[66]

Individual Artists. Whether individual artists should be included in the defined scope of the arts industry is

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[63] Port Authority of New York and New Jersey and the Cultural Assistance Center 95.

[64] Av Shama and Associates 36.

[65] McDowell Group 18.

[66] McDowell Group 18.

also an issue in the studies. The difficulty of measuring the economic activity of individuals who operate outside of organized structures, of course, makes their inclusion problematic. Estimation of the value of the work of this group is possible, however, through census data and selected special studies. Individual artists and the revenue generated from the sale of their work probably are not included in most studies largely because their economic activity is believed to be a modest figure in comparison to the economic impact of the activities of major arts organizations.

Other Retail Activity. In his six-city study of arts economic impact, Cwi measured another dimension of retail trade related to the arts. He considered television and radio stations, bookstores, music and record stores, photographic stores, and movie theaters to be arts businesses.[67] The purpose of including these kinds of establishments clearly was to expand the scope of what is considered to be the arts industry; unfortunately, his lead in this area has been followed by very few.

Non-Arts Cultural Organizations. One final category that is occasionally included in the scope of the arts or culture industry in these studies is that of major public non-arts institutions. Zoos, history museums, botanical

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[67] National Endowment for the Arts, Economic Impact of Arts and Cultural Institutions: Case Studies.

gardens, and other similar entities regularly have been included in some studies. For example, the 1990 Metropolitan Kansas City study includes the Kansas City Zoo, the American Royal Livestock Horse Show and Rodeo and the Truman National Historic Site.[68] The Orange County, California, study includes the County's Historical and Cultural Foundation and the Discovery Museum, a science-oriented institution.[69]

These institutions often are included to demonstrate their worthiness to be tax recipients in a joint tax proposal with arts organizations or to expand economic impact figures and promote local institutional collegiality. When these non-arts institutions are included in a study, their addition to the aggregate economic impact of cultural institutions can be dramatic. For example, in St. Louis' study, the non-arts groups included produce nearly half of all institutional expenditures reported, bringing the total impact to over $80 million from what would have been less than $40 million had arts groups been considered alone.[70]

Arts Personnel. A different kind of problem regarding the scope of the arts industry concerns the personnel who are counted as arts workers with economic impact. The significant number of volunteers working in arts

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[68] Mid-America Regional Council.

[69] Doti.

[70] Development Strategies 12.

organizations presents a particularly thorny issue of definition for economic impact studies. The enumeration of volunteers and the imputation of a value to their time frequently are found in the studies. For example, in the 1989 study of the arts in the New England economy, 7.5 million volunteer hours were reported, and a value of $10 per hour was imputed to this time.[71]

The difficulties that arise in attempts to determine volunteers' economic impact are explained in the New England study:

> It is difficult to place a value on volunteer time. First, the estimates of hours donated are likely to be less precise than other data collected in this survey, since records of volunteer time are not often maintained. Second, the time donated may extend from ushering to preparing annual reports to representing the organization in court, with vastly different values attached to these times. Using a somewhat arbitrary estimate of $10 per hour leads to the conclusion that the value of aggregate volunteer time is about one-third that of wages and salaries, and about one-half that of cash

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[71] Wassall et al. 2-9, 2-10.

donations from all private sources.[72]

Although the rationale for the inclusion of the value of volunteers is admirable--to capture the true size of the arts industry--the imputation of a value to volunteer hours is problematic. The work of volunteers does make many programs possible--programs that generate funds in an economy--but volunteers do not earn monies that are redistributed in the economy. Because volunteers do not seek a monetary return for their time and expertise, their work traditionally has been viewed as having limited measurable economic value. Nevertheless, because volunteerism is so central to the arts, stronger efforts should be made to capture this important economic dimension of the arts industry. in terms of traditional economic impact measures.

The definition of the scope of the arts industry, then, is not simply a temporary structural device that facilitates economic impact measures. Rather, it reveals a great deal about the cultural world's perception of itself. It also suggests potential future alliances that arts groups might consider and future policy initiatives arts organizations might pursue. Thus, the manner in which the arts industry constructs its world offers important insights into some of the prospects and problems facing the arts today.

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[72] Wassall et al. 2-9, 2-10.

Methods of Measurement

Two primary methods of measurement are used in studies of the economic impact of the arts: (a) methods based on those of Cwi; and (b) census methods. The method of measurement selected affects all aspects of the studies, from the conceptualization of variables to the scope of data collection to the findings.

Cwi's Methods. Following the landmark Baltimore study, Cwi undertook a six-city study of the economic impact of the arts in Columbus, Ohio; Minneapolis/St. Paul, Minnesota; St. Louis, Missouri; Salt Lake City, Utah; San Antonio, Texas; and Springfield, Illinois.[73] This study set patterns for the methods of measurement of economic impact that continue to be followed in many economic impact studies of the arts.

One methodological pattern that was established by Cwi (and Lyall) in the Baltimore study was use of a multiplier to arrive at a total economic value of the arts in an economy. The multiplier measures the degree to which spending for and by the arts circulates in a local economy; it involves computation of the number of times a dollar is re-spent in an economy before it leaks out. Although the multiplier was commonly used in economic impact studies, Cwi adapted it from Caffrey and Isaacs' method and introduced it to the arts field.

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[73] National Endowment for the Arts, Economic Impact of Arts and Cultural Institutions: Case Studies.

Cwi's six-city study greatly refined the method for the measurement of audience spending. Central to the accurate reporting of the economic impact of the arts is determination of audience spending directly related to attendance at an arts event. Although all of the dollars local residents spend on and surrounding an arts event may be attributed to the presence of the event itself, spending on that event may represent, in fact, a diversion of spending from other goods and services. Some studies recognize these factors, but most do not. In any case, the attribution of spending by a local economy's residents on a local arts event is a relatively uncomplicated matter. The correct determination of arts-related spending by out-of-area visitors is, however, more difficult. In Cwi's six-city study, he noted that all out-of-town visitors who attend arts events are not necessarily attracted to an area by the arts event alone. Thus, all the money spent in an area by visitors who attend an arts event should not be counted in a computation of the economic impact of the arts. The degree to which the arts serve as an attraction must be considered in comparison with the drawing power of other attractions.

Using Cwi's conception of audience spending as a model, a study of the arts in Colorado reports that the Aspen Music Festival attracts 66 percent of its audience from out of

state.[74] Although 64% of the respondents reported that they had anticipated attending an arts event, the primary reason respondents visited the area was for vacation (47%), followed by "visiting family and friends"(16%).[75] Therefore, all of the spending by visitors attending an Aspen arts event, the study notes, cannot be considered to be directly related to the arts event itself.

Finally, Cwi's work utilizes the concept of confining a study to an existing statistical area. This methodological feature, frequently found in later studies, allows for a variety of additional analyses to be pursued. In addition, it builds credibility for the study in that demographic and other area profile information used in the studies originate in a widely accepted source. The standard metropolitan statistical area is one such frequently used base for defining study areas. This definition of geographic area provides researchers with an especially rich source of aggregate statistics about the study area. These "overlay" statistics are invaluable in computing the economic impact of the arts and comparing the their impact with that of other industries.

Not every pattern that Cwi set in the six-city study was imitated by the researchers who followed. Nevertheless, the core focus of the work established a strong

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[74] Wobbekind and DiPersio 44.

[75] Wobbekind and DiPersio 44.

methodological pattern that permeates nearly all of the studies analyzed. The use of the multiplier, the accurate computation of audience spending, and the concept of overlaying the study on an area that has credible aggregate statistics are three of the most important and most commonly followed of these patterns.

A further development of the measurement method can be seen in Scanlon's work on the New York-New Jersey study. In this study, a sophisticated model was used to determine the degree to which dollars spent on arts activities flowed through the area. The model represented the seventeen-county study region, which was divided into 90 separate economic sectors, each having a specialized behavior. Another distinguishing feature of this study is the measurement of qualitative economic effects. These effects include the relationship of the arts to neighborhood development and commercial property values and the value of the presence of artists in the local labor pool. The detailing of these qualitative measures represents one of the first times a highly credible source devoted substantial space to such measures in an economic impact study of the arts.[76]

Census Methods. Although Cwi's studies constitute the primary source of measurement methods for economic impact

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[76] Port Authority of New York and New Jersey and the Cultural Assistance Center 23, 107-32.

studies of the arts, the "census" method is also used. This method of measurement of economic impact relies less on economic theory and more on the comprehensive collection and tabulation of data.

The approach utilizes a simple addition method to total the dollars related to the arts. Items such as the budget size of arts organizations, the dollar volume of tickets sold, and the overall dollar value of capital construction related to the arts are solicited from all the organizations in the study area. The items are totaled and reported with no adjustment to the sums to take into account known economic relationships and effects. The findings reported from use of this method are aggregative in nature, generally lack a methodological framework that implies a knowledge of relationships beyond the purely aggregative, and often use a multiplier on out-of-town spending figures in an across-the-board manner.

In spite of limitations of the census method, carefully constructed and executed studies that use this method can be useful. This type of measurement has the capacity to provide an inventory of an area's arts industry; in many communities, such studies are used as a first-time exploration of the size and scope of the local arts industry. The approach also can build communication among members of the arts community by encouraging them to cooperate in a project and share data for the first time.

It can set the stage, as well, for future, more sophisticated studies by providing a preliminary report of the scope of an area's arts industry, encouraging more complex research to be commissioned in the future.

Yet another rationale for use of the census method is simple policy necessity. For any number of reasons, an area's arts industry may not be able to wait for the completion of a methodologically sophisticated study, nor may the resources be available to accomplish it. In such cases, a collection of data aggregated through very simple means may be adequate to meet the challenge of the moment. If executed properly, such a study may be an acceptable, low-level measure of the arts' economic impact on an area.

Methods of Data Collection

All economic impact studies of the arts rely on the collection of accurate, reliable data. Two major sources of data are the basis for determining economic impact in these studies: (a) records of arts organizations, businesses, and government; and (b) audience surveys. Each of these sources has been mined in a variety of ways to secure the raw data needed to draw conclusions about the economic impact of the arts.

Surveys of Arts Organizations, Businesses, and Government. Nearly every economic impact study of the arts involves a survey of arts organizations to determine their expenditure and revenue patterns and to elicit information

about employees and volunteers. The surveys generally are mailed to organizations in the study area with a request to return the completed survey form by mail. The researchers rarely provide assistance in completing the surveys to the organizations unless such help is requested by the organization.

Those who do not return the surveys usually are encouraged by telephone to do so, which produces a return rate for organizational surveys that is quite high--generally in the 85 to 100% range. A high rate of return also may be due to the fact that the organizations themselves often are the co-sponsors of the studies. When surveys are not completed, the reason is often a lack of time or expertise on the part of emerging or administratively troubled organizations or a refusal to participate in the study for some reason on the part of larger organizations. In both of these cases, the gaps in knowledge that result usually are filled in with estimates or with figures available in the organizations' reports that are available to the public.

A study of the arts in Delaware provides an example of this process of estimation, necessary because of unreturned surveys:

> Almost 60 percent of the organizations completed the survey and the remaining nonrespondents were small, community-based arts organizations. To

> adjust for nonresponse, a sample of completed questionnaires from 17 small, community-based arts organizations was selected . . . . The expenditure data from the sample was averaged and used as representative for the nonrespondents. Given the relatively small averages from the sample, the resulting universe estimate is considered conservative. For example, while comprising 40 percent of the total organizations, the nonrespondents' estimated wages are only 9.7 percent of total wages and the nonrespondents' total operational expenditures comprise only 11.0 percent of the total operational expenditures for the universe.[77]

Business records are collected in some studies to determine and/or verify findings about audience spending. Some of these records are in the form of reports of sales-tax receipts that are available as public information. Other records are the result of special surveys of businesses. One such survey was conducted in Colorado Springs, Colorado, for example, to determine the difference in receipts at a restaurant before and after the opening of

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[77] John E. Stapleford and Monica M. Tannian, The Economic Impact of the Arts on Delaware (Newark: Bureau of Economic and Business Research, University of Delaware, 1987) 8-9.

a new, nearby performing arts center.[78] Many collections of business data are more approximate in nature. In many cases, businesses are asked to estimate effects of arts activities on their businesses and on their decisions concerning business relocation. These estimates often indicate a positive connection between arts activity and business but are not grounded in systematic data collection.

Government records are another source of data collected for economic impact studies of the arts. These records include census data, tax reports, special government surveys, and other miscellaneous government-originated materials. The records are utilized most frequently to determine tax revenues and relationships between the arts and tax revenues. They are also valuable as a source of comparative data, allowing access to information about other cities and states that can be used in assessing economic impact in the study area.

Audience Surveys. The audience survey is one of the most important sources of data for economic impact studies. These surveys, designed to identify spending related to attendance at and surrounding arts events, are characterized by varying levels of sophistication. The simplest audience surveys ask the audience members to report what their expenditures were on the arts event itself; on travel to the event; and on the purchases of gifts, food, and incidentals

[78] Cuciti.

surrounding the event. This first level of data collection is not always accurate because it fails to distinguish between persons who travel to a community for the sole purpose of attending an arts event and those for whom the event was an incidental activity in which they engaged while visiting a community for other purposes.

The study of the arts in Savannah is one in which this unadjusted approach to audience surveys is used. Although the study reports only expenditures on meals by audience members, which are conservative, the report does not indicate that a distinction was made among visitors based on what attracted them to an arts event in Savannah. Such a distinction would reduce even the conservative estimate of meal expenditures related to the arts.[79]

A second, more sophisticated type of audience survey measures the degree to which an audience member was attracted to the community by the arts event and his or her spending on and surrounding the event. When such surveys are used, the data collected are adjusted to prevent the overreporting of related audience expenditures. For example, if a person visits a community primarily to attend a sporting activity and attends an arts event as an adjunct activity one afternoon, the actual visitor-dollar expenditures ascribed to the arts event are considered to be

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[79] Opinion Research Associates, Report on the Economic Impact Effects of the Arts on the Savannah Area (Madison, WI: Opinion Research Associates, 1991).

only the price of admission and concessions or gifts purchased at the arts activity. The 1983 and 1990 Colorado studies are two in which these kinds of audience surveys are used and adjustments reflecting audience intent are made.[80] The Wisconsin study notes the need for such a adjustments but does not make them.[81]

Audience surveys are commonly designed using a random sampling method. In the best studies, the audiences and arts events from which the samples are drawn and carefully selected. Such careful selection allows for a defensible inference of the findings to an event's typical audience and to an entire season. This kind of attention to selection is especially important in the arts, where many events are seasonal and where some events attract extraordinary attendance not representative of an entire season. The Wisconsin study of the economic impact of the arts in the state illustrates the potential difficulties in selection:

> For this study the audiences of 28 performing and visual arts events were surveyed across the state during September through November, 1986 . . . . The sites were chosen to reach a diverse population from rural, small, and medium-sized cities to larger urban areas. Along with a

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[80] Cuciti; Wobbekind and DiPersio.

[81] Prieve 15.

> geographic balance, every attempt was made to achieve a balance by art form and budget as well. More surveys were conducted in Madison and Milwaukee because of their greater population base and because a larger number of arts groups are located in these two areas. In total 5,185 surveys representing 8,199 respondents were obtained. (One survey was filled out per family.)[82]

Although the researcher in this study attempted to achieve a representative picture of audiences at arts events, whether the months of September through November are, in fact, representative months for arts events is unknown; the rationale for the selection of these months was not explained. The kind of cultural program, the time of year, and the method of survey distribution are but a few of the variables that affect researchers' abilities to generalize from data collected through audience surveys.

While rigorous methods of data collection are essential to the accuracy of a study, these methods can be only as rigorous as the research design and resources allow. Many economic impact studies of the arts are simple--yet defensible--in part because they follow a well-planned data-collection method that generates complete and accurate data

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[82] Prieve 13.

sets. These "adequate-enough" studies are frequently superior to studies in which sophisticated data-collection designs exceed the ability of the researchers to execute them successfully.

Selection and Use of Multipliers

One of the most persistent methodological issues that confronts those who commission and design economic impact studies is the selection and use of a multiplier, the means of measuring the number of times dollars related to arts spending turn over in an economy. In simple terms, the multiplier is an indicator of the dollar volume of goods and services that can be purchased in a community before a resident must leave town to acquire those goods and services. The multiplier factor is based on extensive studies of local and regional economies and thus varies from area to area. Generally, if an area has a large and complex economy, the multiplier is higher than it is for an area that has a small or narrowly based economy. Counterbalancing this, however, is the fact that any spending on the arts is actually a net injection of spending into the economy that may have occurred anyway. For example, local residents of a large economy seeking art goods and services are less likely to have to leave that economy to purchase those or substitute goods and services. Similarly, individuals located outside a large economy may purchase goods and services of some type from a larger

economy because it offers a variety not available in their local smaller area.[83]

The multiplier is used for two basic purposes. One is to provide a comparative measure of the size and value of the arts in an economy. The multiplier may reveal, for example, that when the arts are compared to an industry of similar size, they have an economic advantage because they contribute more to the growth and development of the local economy. The second purpose for using a multiplier is that it presents the economic impact of the arts in terms of a standard measure that is widely understood by the business world and by public policy makers. The couching of arts impact in terms that use multipliers endows the arts with credibility, indicating that arts-industry advocates are aware of and able to use the language of policy makers.

Accurate multipliers can be determined only after a careful study of the economic activity surrounding arts activities in a particular community. Because the econometric modeling required to arrive at a multiplier can be very time consuming and somewhat expensive to develop on a local level, arts multipliers usually are appropriated from commonly used state or local multipliers. They often are based, for example, on the Regional Industrial Multiplier System (RIMS) of the Bureau of Economic Analysis. The RIMS system is based on the U.S. Input-Output Model and

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[83] Seaman.

is organized by industry and state for 100 different industries; the RIMS II system reports multipliers for 500 industries.

A distinction is often made between multipliers related to the spending of cultural organizations and those related to the spending of audiences. The RIMS multiplier used to determine audience economic impact is usually lower than that for spending by cultural organizations. One reason for this is that audiences are portable; they may spend money on gasoline, but they may fill up their tanks 100 miles away from an arts event, attend the event, and then drive home. Thus, the $25.00 spent on gasoline may not be spent inside the study area. On the other hand, arts institutions have a natural propensity to spend closer to their home bases. The following table from the 1988 New England Foundation for the Arts' study demonstrates this difference:

Table 9

Economic Impact of the Cultural Organizations by State
(economic impact data in millions of dollars)[84]

State	Cultural Spending Multiplier	Cultural Spending Impact	Audience Spending Multiplier	Audience Spending Impact	Total Economic Impact
Connecticut	2.0109	188.3	1.8633	165.5	353.8
Maine	1.8496	55.2	1.7922	36.7	91.9
Massachusetts	2.0509	825.1	1.8657	416.2	1241.3
New Hampshire	1.8686	44.6	1.7976	61.3	105.9
Rhode Island	1.8633	46.5	1.8842	25.4	71.9
Vermont	1.7821	63.4	1.7630	32.8	96.2
TOTAL	2.0044	1223.2	1.8511	737.7	1960.9

The multipliers made available through the RIMS systems often require adjustment to reflect a correct weighting of various art forms and features of the particular community. For example, in the Newark, New Jersey, study, a composite multiplier was developed that took into account both the mix of performing and visual arts and the differences between the economic structures of the city of Newark and the state of New Jersey. These adjustments are explained in the Newark study:

[84] Wassall and DiPersio 2-23.

> In this analysis Essex County multipliers for two industries, one encompassing the performing arts and the other the visual arts, were adjusted to estimate the impact of these industries on the City of Newark alone. State level multipliers for N.J. were taken directly from the model. The state multipliers are significantly larger than the local ones as less money leaks out of a larger economy. For example, while most employees of arts organizations live outside Newark, most of them do live in New Jersey and spend most of their money in New Jersey. Therefore, the household consumption portion of the multiplier is much larger for the state as a whole than the City of Newark.[85]

Table 10 below presents the composite multipliers used in the Newark study:

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[85] Lanier 9.

Table 10

Output Multipliers for Newark and New Jersey City[86]

Performing Arts		Visual Arts		Composite
Multiplier A	Weight B	Multiplier C	Weight D	(AxB)+(CxD)
NEWARK				
1.78	.74	1.80	.26	1.79
NEW JERSEY				
2.97	.74	3.23	.26	3.04

In some of the studies, the multiplier is based on a composite of multipliers used in other studies. The Birmingham study, in which this approach is used, explains the process as follows:

> The numbers in Table 6 were derived by an analysis of the National Endowment for the Arts study. It was found that the total direct impact of all six cities yielded a total secondary impact that was 3.45 times larger. The "multiplier" for individual cities ranged between 2.36 and 3.67. Therefore, it was decided to base the Birmingham area multiplier on the average of our three most-similar cities--Columbus, San Antonio and Salt Lake City. The average multiplier for these three cities was 3.21, just slightly less than the

[86] Lanier 9.

> overall average of 3.45. So the total direct impact of $9,172,957 was multiplied by 3.21 giving the total secondary economic impact of $29,415,803, as shown in Table 6.[87]

No research is provided in the study to indicate that the three cities selected for comparison are, indeed, similar to Birmingham in economic terms.

The study of the economic impact of the arts in Oregon provides another example of a composite multiplier selection. In this report, the researcher selected a multiplier of 2.9 by averaging multipliers devised for others arts-related activities in the area. The problematic process is explained in this way:

> To accurately measure this effect requires development of a sophisticated econometric measure. While this expensive process is beyond this report's capabilities, reasonable comparisons may be drawn from other, related studies. The Oregon Economic Development Department's Tourism Division has, through careful research, arrived at a multiplier rate of 1.94 for the state's tourism industry. The Oregon Film and Video Task

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[87] Birmingham Area Chamber of Commerce, Economic Impact of the Major Cultural Institutions on the Birmingham Area (Birmingham, AL: Birmingham Area Chamber of Commerce, 1983) 18-19.

> Force has adopted a rate of 3.0. The Arts Add Up [the title of the Oregon study] takes a slightly more conservative rate of 2.9, also used by the Oregon Shakespeare Festival.[88]

The 1990 study of Colorado's arts industry uses a variation of this process of averaging to select a multiplier. After noting that the 1983 study of the arts used a multiplier of 2.55 and that the Colorado Tourism Board was presently using a multiplier of 2.56, the researchers made the decision to maintain the previous study's multiplier for comparison sake but to use a smaller multiplier of 1.9 "when studying the individual communities . . . . The rational for this smaller multiplier is that the leakage will be greater the smaller the geographic area."[89]

Another common method of formulating a multiplier is selection of a defensible multiplier number. The number that emerges with some frequency is 2.5. This multiplier is regularly found in reports issued by advocacy groups and in selected cultural planning studies whose primary purpose is something other than the determination of economic impact.

The Michigan study of arts economic impact uses a

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[88] Oregon Arts Commission, Arts Add Up: Artistic Investment in Oregon's Economy (Salem: Oregon Arts Commission, 1990) 6.

[89] Wobbekind and DiPersio 26-27.

similar across-the-board multiplier. There, the researchers note, "The Michigan State Department of Commerce has estimated the economic multiplier ("indirect spending") of the non-profit arts industry on Michigan's economy to be a factor of 1.5. Therefore, to determine total economic impact, direct spending is multiplied by the economic multiplier of 1.5."[90] As a crude measure, this multiplier is not altogether inappropriate, although it easily could be a full point higher or lower than what it should be.

The selection of an appropriate and accurate multiplier continues to be problematic for economic impact studies of the arts. This is the case for a number of reasons. One is that, with few exceptions, communities do not have multipliers that are specific to the arts; therefore, the multiplier must be fabricated. The fabrication of the multiplier allows for the inclusion of a wide variety of errors and false assumptions. Another problem is that economic impact studies of the arts often are conducted in environments where there are pressures to maximize study results. Such pressures may encourage selection and use of a particular multiplier in order to respond positively to these pressures. Finally, and most commonly, these studies often are undertaken with limited resources and by personnel with limited technical knowledge of methods for measuring economic impact. Sometimes, their understanding of what the

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[90] Touche Ross 5.

multiplier is and how it operates is incorrect.

On the other hand, multipliers need not be highly accurate to make a credible case for the economic impact of the arts. Because these studies are intended to be credible advocacy tools rather than serious scientific inquiries, a defensible "guesstimate" of the multiplier usually suffices.

One related common error that has contributed to widespread misunderstanding concerning the multiplier is a confusion of the economic multiplier with an advocacy multiplier. Some advocates and advocacy statements, for example, note that $1.00 of public arts funding generates, for example, $20.00 in arts spending. In fact, the correct description of this relationship would be that public funds represent 5% of all funds spent on arts programs in an area. This inaccurate use of the multiplier concept discredits appropriate uses. For example, most informed persons know that a multiplier of 20 is either an error or a lie and that the most optimistic multiplier for the arts sector is seldom more than 3.0.

The method of selecting and applying multipliers varies greatly among studies of the economic impact of the arts. This fact contributes to the widely varying kinds of findings that result. Because the multiplier plays a critical role in the computation of economic effects, when it is improperly selected, the extrapolations based on it may be highly inaccurate. Those studies that are most

effective for advocacy purposes are those in which an explicit and methodologically defensible explanation of the source of the multiplier is provided.

Research Administration

The research for the studies was conducted under the aegis of five types of research administrations or organizations: (a) university research centers; (b) arts organizations; (c) consulting firms; (d) government agencies; and (e) accounting firms.

University Research Centers. The predominant type of research administration for the studies is the research center affiliated with an institution of higher education; 34% of the studies reviewed for this analysis were developed under this kind of administration. The studies sponsored by research centers at universities are characterized by a high degree of methodological rigor, sophisticated statistical analysis, and thoroughness. They are, with few exceptions, very defensible research studies, in part because they often have the benefit of the work of graduate students or interns who can contribute the time necessary to produce studies that meet high standards.

The Houston study is an example of a city study completed under this type of administration. It was prepared by a seven-person project team operating out of the

University of Houston's Center for Public Policy.[91] Similarly, the 1985 Iowa study was administered by the University of Iowa's Institute of Urban and Regional Research.[92]

Arts Organizations. A second type of research administration for the studies is an arts organization, with staff members conducting the research; 27% of the studies examined were completed under such an arrangement. The Montana study is an example of a state study completed by the staff of an arts organization--the Montana Arts Council.[93] The study of the economic impact of the arts in Jackson/Hinds County in Mississippi is another example of a staff-administered study; it was completed by the staff of the Arts Alliance of Jackson and Hinds County.[94]

Volunteers working in arts organizations often are used to collect audience data for this kind of research, but the design of the study is generally the responsibility of a staff member or members. In some cases, staff members direct such studies for the arts organization on a regular

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[91] Louis Stern, An Economic Impact Study of Nonprofit Arts Organizations in the Houston Area (Houston: University of Houston Center for Public Policy, 1990).

[92] John W. Fuller, Economic Impact of the Arts in Iowa (Des Moines: Iowa Arts Council, 1982) 85.

[93] Montana Arts Council.

[94] Arts Alliance of Jackson/Hinds County, The Economic Impact of the Arts on the Jackson/Hinds County Economy (Jackson: Economic Analysis Division of the Mississippi Research and Development Center, 1984).

basis, performing periodic updates of previous studies. The Oregon Arts Commission provides an example of this practice. As its 1990 study explains, "As part of its statewide cultural stewardship, the Oregon Arts Commission has undertaken a biennial survey of the non-profit cultural industry since 1979."[95] In some cases, the updating approach allows the staff to pattern the study on a previously proven outside research effort and requires the staff to have only a modest understanding of the methods used in the study.

Consulting Firms. The private consulting firm also is commissioned to execute economic impact studies of the arts but on a much less frequent basis. Only 18% of the studies reviewed here utilized such an approach. The Louisiana study, administered by Research Associates, is one such example.[96] Another is the study of the arts in the city of Juneau, completed by the consulting firm, the McDowell Group.[97]

When consulting firms are selected to conduct these studies, their work is characterized by much more modest exploration of the research question than is undertaken by the university research center. In these studies, with few exceptions, background material about the arts activities

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[95] Oregon Arts Commission, Arts Add Up n.p.

[96] Research Associates.

[97] McDowell Group.

and arts organizations in the area is limited, and the focus is on summary numbers and results.

Government Agencies. Non-arts government agencies were the source of 9% of the studies reviewed. Many government agencies either have a research arm or position or access to a governmental research institute, and these sometimes are used to conduct studies of the economic impact of the arts. The studies prepared by government agencies are similar in quality and texture to university-produced studies. An example is Maryland's study, which was administered by the Department of Economic and Employment Research.[98] Another is The Economic Impact of Southern Arts and Culture, completed by the Southern Growth Policies Board, an interstate public agency.[99]

Accounting Firms. Major accounting firms are infrequently commissioned to undertake research on the economic impact of the arts; they accounted for 3% of the studies reviewed. The Texas[100] and Michigan[101] studies are two of the few examples of accounting firms as administrators of this research. Like those completed by consulting firms, these studies tend to be characterized by

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[98] Ahmadi.

[99] Linda Hoke, The Economic Impact of Southern Arts and Culture (Research Triangle Park, NC: Southern Growth Policies Board, 1990).

[100] Peat, Marwick, Mitchell and Company.

[101] Touche Ross.

a focus on facts and figures, with less attention paid to painting the richness, variety, and complexity of the arts and arts organizations.

The choice of a research firm to conduct a study of the economic impact of the arts is dependent both on the availability of resources of the sponsoring organization and the degree and type of credibility required for the study. With their lower overhead, access to discounted or free student labor and high credibility, university-administered research offers a great deal of value for the money. Staff-driven studies and updates are cost effective and credible in part because the updates sometimes can rest on the credibility of an initial study that was done by a highly knowledgeable and respected source. Private-sector consulting and accounting firms can offer a high degree of credibility because of their connection with business, but they may not be familiar with the unique features of the arts.

Those who commission economic impact studies of the arts face major challenges. Because the studies have not yet become standardized, each feature of the study presents a range of major choices. Each study is, essentially, custom designed, requiring clarity of purpose on the part of the studies' administraions. Such clarity allows for the selection of those design options that most effectively will achieve the sponsors' goals.

Conclusions

Although the design and use of economic impact studies of the arts are fraught with problems, these studies have the potential to be and often are effective advocacy tools. Indeed, their central value may be their capacity to interpret the arts to the public in understandable, practical terms rather than their substantive findings about the economic worth of the arts. In this section, both the problems of and the potential for these studies will be discussed with an eye to assisting those who are sponsoring or engaged in research for such studies interpret and make choices about their design and use.

Problems with Economic Impact Studies of the Arts

The two primary areas around which problems tend to occur in economic impact studies of the arts concern: (a) credibility of the studies; and (b) lack of congruency of the studies with the nature of the arts.

Credibility. The credibility of economic impact studies of the arts is challenged in myriad ways. One of the most frequent charges against their credibility is that they lack rigor--conceptual discipline and correctness of theoretical application. Cwi has identified common problems that affect the degree of rigor found in studies of the economic impact of the arts. Among them are: modest response rates to questionnaires, lack of identification of the sources of data, reliance on assumptions made in other

studies to provide key data, faulty extrapolations from sample data, improper application of extrapolation measures to account for missing data, incorrect interpretation of the relationship between the degree to which the arts attract visitors to an area and the estimate of the percentage of their overall spending that can be ascribed to the arts, failure to compute and report tax impacts, and incorrect application of the multiplier.[102]

Although some economic impact studies of the arts are rigorous scholarly investigations, such studies are in the minority. Economic impact studies of the arts can be conceptualized as operating on a "rigor continuum," with one end representing the expedient or "quick-and-dirty" study and the other end the academic investigation. Arrangement of the studies along this continuum would not produce a bell curve. Instead, the high point of the curve would be located very close to the expedient end of the scale and, although the academic end of the scale would contain numerous studies, they would represent a minority of the total.

But simply because traditional academic rigor is widely lacking in the studies does not mean they must be dismissed. As it is traditionally defined, rigor may not be relevant to

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[102] David Cwi, "Improving the Design and Policy Relevance of Arts Impact Studies: A Review of the Literature," Economic Impact of the Arts: A Sourcebook, ed. Anthony J. Radich (Denver: National Conference of State Legislatures, 1987) 119-25.

all economic impact studies of the arts. The criteria for rigor by which applied research--such as that done in these studies--is judged are not the same as for scholarly investigations. In many situations in which economic impact studies of the arts are used, rigor perhaps should mean that the research is "adequate enough" for the task at hand--persuading the public to value the arts. One criterion for rigor in these studies, then, might be that the data should be accurately gathered and clearly reported. Another criterion might be that the study should be at least as rigorous as the studies presented by competing interests. Because the degree of rigor in some studies depends on the sponsor's available financial resources to purchase research expertise, a criterion of rigor that takes limited resources into account is appropriate.

The degree to which an economic impact study of the arts can be defined as rigorous, then, is best conceptualized as situational. As Cwi explains, "If the purpose of the effort is to indicate the order of magnitude of arts impact, then virtually all the studies are fine. From a technical standpoint, they can be improved, but most made acceptable stabs at the task given budgetary and other restrictions."[103]

The problem of rigor is not confined to economic impact

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[103] Cwi, "Improving the Design and Policy Relevance of Arts Impact Studies" 124.

studies of the arts. Economic impact studies completed in other fields also have generated questions about degree of rigor. Seaman has illustrated the problem by adding up the claimed economic impact of the Atlanta Falcons, the commercial music industry in Atlanta, and Georgia State University. When the supposed economic impact of these three activities is combined, the result is an impact on Atlanta that is simply not possible and obviously incorrect.[104]

Rigor, then, cannot be defined in standard ways in studies of the economic impact of the arts. But a lack of explanation of the choices made in methods and a justification of those choices--to establish an appropriate definition of rigor--rarely are found in the studies. Consequently, as Seaman explains, economists have been made "uneasy about the accuracy of the claims made in impact studies,"[105] an uneasiness that makes economic impact studies of the arts easy targests for charges concerning their credibility.

Economic impact studies of the arts often lack credibility not only because of a perceived lack of rigor but because of the kinds of claims they make on the basis of

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[104] Bruce A. Seaman, "Arts Impact Studies: A Fashionable Excess," Economic Impact of the Arts: A Sourcebook, ed. Anthony J. Radich (Denver: National Conference of State Legislatures, 1987) 47-48.

[105] Seaman 48.

the data collected. Although the data are factually correct, they are sometimes used to draw or imply faulty conclusions--conclusions that fail to take into account knowledge beyond that presented in the data. One of the most common of these claims involves the comparison of attendance at arts events with attendance at professional sporting events. Many economic impact studies claim that more people attend arts events than attend professional sporting events.

The Boston study is one that makes this claim. It reports that more than twice the number of persons attended non-profit cultural events in 1986 than attended professional sports events in the city.[106] Similarly, the Metropolitan Kansas City study reports that attendance at the 70 arts institutions studied was half again as much as attendance at games of the Kansas City Chiefs and the Kansas City Royals.[107] These data are used to support the claim that there are more arts supporters than sports fans and, by implication, that the arts have an economic impact that is superior to that of professional sports.

Although the specific data used to support such claims are accurate, the claims do not take into account important differences between the arts and sports. A multitude of sports figures, for example, receive multi-million-dollar

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[106] Holbrook 1.

[107] Mid-America Regional Council iii.

compensation packages that are not found in the arts. In addition, attendance at games is only one small measure of the actual audience reach of sports. The television audience constitutes the primary audience for sports, and that audience is very large. The arts have nothing comparable to sports events that attracts this size of audience. Such claims, then, fail to take into account relevant factors that are common knowledge, and such claims undercut rather than build credibility for economic impact studies of the arts.

Another example of claims that infer misleading conclusions concern the reporting of the number of employees working in the arts industry. Although aggregate arts-employment figures can be impressive, claims made about arts employment generally do not recognize the character of that employment, which raises questions about its true economic worth. One of the problems associated with arts employment, as the studies regularly note, is that it is largely part time; over half and sometimes up to 75 or 80% of the reported arts employment is part time. The Wisconsin study provides an example:

> Characteristic of the performing arts industry's particular brand of labor intensity is that most of its employees are artists, and most are hired part time. Performing artists--musicians, dancers, actors--are generally hired for specific

> individual performances or a performing season, or for workshops, classes, or residencies of limited duration.[108]

The study goes on to note that of "the 4,390 positions offered by Wisconsin's nonprofit arts industry in 1986, 75% were part-time, reflecting the small and often seasonal nature of organizations."[109]

Part-time employees generally receive fewer benefits than full-time employees, and they usually do not have the same employment guarantees. These factors make arts workers employees with less economic value. Some workers in the arts are highly compensated, but they also tend to work on a part-time, seasonal basis. These specialists receive high salaries for limited commitments of their time, but these are not constant in the way that highly paid workers they do not represent the majority of the part-time workers employed in the arts.

The arts have a labor force that is less stable and has less of a positive economic impact on a community than do industries that employ fewer part-time workers. Claims in economic impact studies that suggest that the arts employ large numbers of workers with high economic impact, then, although technically correct, are misleading because they do

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[108] Prieve 17.

[109] Prieve 17.

not present the full context in which to interpret such claims and thus call into question the credibility of economic impact studies.

The non-comparability of the studies is yet another feature that invites a questioning of their credibility. While the studies all emerge from common methodological roots, the wide variations in their individual designs make them generally non-comparable. They do not share, for example, a common outline for reporting that allows the reviewer to extract information easily from several different studies. They also do not define the scope of the arts industry, select multipliers, or sample or extrapolate data in the same way. Consequently, the economic impact of the arts cannot be aggregated readily or compared across studies. Even simple statistics, such as number of workers employed in the arts and number of non-profit arts organizations in an area often cannot be aggregated.

Other fields have recognized the problem of non-comparability and have worked toward some standardization of their economic impact studies. In the field of higher education, for example, a number of handbooks have been produced to assist researchers in the design and investigation of the economic impact of higher education on a local community. One example is Sturm's Politically Correct and Expedient Economic Impact Studies.[110] A

[110] Sturm.

similar manual has been written in the field of community development; Gibson and Worden designed a manual for use by volunteers to measure the economic impact of existing and proposed projects in a community.[111] Although these efforts have not yet resulted in complete standardization of methodology and reporting practices in economic impact studies in these fields, they represent steps in that direction--steps that will contribute to the credibility of their economic impact studies through the creation of cross-study consistency.

Finally, the credibility of the studies is inhibited by the presentational style of most of the reports. Many of the economic impact studies of the arts include both a technical report and a final public document. The technical report details the method of the study and reports all of the data gathered; the final public document is often a brochure that summarizes the findings detailed in the technical report.

Most of the technical reports are not of high quality in terms of their design and presentation. They are usually not typeset, and many are photocopied--sometimes poorly. The graphic design of many of them is amateurish, drab, and unappealing. Visually, they are not competitive with other

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[111] James Lay Gibson and Marshall A. Worden, "A Citizen's Handbook for Evaluating Community Impacts: An Experiment in Community Education," Journal of the Community Development Society 15 (1984): 27-42.

standard reports of financial matters. These reports also often lack clarity. Many of them are poorly written and organized and do not allow readers to easily locate critical figures concerning the economic impact of the arts. Thus, the studies often do not present an impression of careful, thoughtful, substantive work, presented in a manner designed to reach audiences most effectively.

Such problems with technical reports are irrelevant if they are not distributed and if the study's findings are disseminated to the public in a brochure or other form of summary. Unfortunately, budget constraints appear to have prevented many of the studies' sponsors from issuing such summaries, with the result that the public receives the technical reports, sometimes accompanied by a modest, usually photocopied, executive summary. But when summary brochures are made available, they are often no better designed than are the technical reports. The overall result is that arts advocates are presenting an unclear message about the value of the arts, packaged in an unattractive and unimpressive format. Their style of presentation, then, is not only incongruous with the advocacy purposes of the studies, but they call into question the studies' credibility.

Economic impact studies of the arts collectively suffer from problems concerning credibility. These issues of credibility must be addresses if the measure of the economic

impact of the arts is to be an effective strategy to improve the perception of the arts by the public.

Lack of Congruency with the Arts. A second major problem with economic impact studies of the arts is that they are incongruous or inconsistent with the nature of the arts. The arts have an economic dimension, but that dimension does not constitute the essence of the arts. Economic arguments for the arts do not emerge from the central philosophy or strength of the arts--their creativity, their ability to challenge, for example--but rely instead on central features of a non-arts discipline. The study of the economic impact of the arts by the Seattle Arts Commission acknowledges this incongruity: "Some may be repelled by the attempt to measure, in economic terms, anything associated with the arts community. There is no implication in this study that the economic value of the arts and culture can be measured or evaluated."[112]

This is not to say that the arts cannot benefit from further economic analysis. What is being argued here is that a singular focus on the justification for the arts on the basis of their economic value alone is problematic. The arts can benefit greatly from the application of a variety of economics-based inquiries. In fact, the precarious state of most not-for-profit arts organizations calls out for

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[112] Economics Research Associates, Economic Impact of Arts Organizations in Seattle (Seattle: Economic Research Associates, 1986) n.p.

inquiries in areas such as ticket pricing, contributor motivation, employment-compensation patterns, arts-facility economics, optimal advertising strategies, and the economic life cycle of arts institutions. These legitimate areas of inquiry should not be confused with attempts to redefine the arts in economic terms alone.

The incongruity between the arts and the perspective of economics has several consequences for arts-advocacy efforts. When the arts are defined essentially as an economic entity and economic impact studies are used as primary advocacy tools, the arts may come to be viewed largely in economic terms. When the arts are positioned in arts-advocacy efforts so that their nature is devalued and diminished and a dimension largely incongruous with them is featured, a first step is taken toward the creation of an environment where the arts must defend their existence solely on the basis of their economic value.

The incongruity between economic arguments and the arts has other results, as well. Such arguments invite a view of the arts as competitive rather than cooperative and collaborative. The approach invites comparison and contrast of the arts to other activities and industries and seeks to demonstrate ways in which the arts are superior to them in terms of economic impact. Although the arts have the capacity to unite disciplines, to promote qualities such as creativity and self-expression across areas, and to

encourage cooperation to produce products of excellence, these capacities are concealed in the zero-sum, competitive framework that accompanies economic arguments for the arts.

The naturally collaborative arts, when put in the framework of economic impact, encourage competition in yet another way. Arts institutions and arts activities in cities, regions, and states all must work to "beat out" their competitors in terms of economic impact. Rather than working together to create an environment in which the arts in general can flourish, economic impact studies can encourage a view of arts institutions and activities as working separately, based on their individual capacities to attract audiences and dollars and thus to have economic impact. The economic impact study thus cedes one of the major values of the arts--their fostering of integration and collaboration--in exchange for a view of them as economically significant.

The framework of economic impact is not a natural one for the arts. The arts embody different qualities and values and perform different functions from those that are emphasized in economic impact studies. A disproportionate use of economic impact arguments in arts-advocacy efforts--arguments that do not capitalize on the arts' unique and special qualities--may result in public perceptions of the arts that are dysfunctional for arts-advocacy efforts in general.

Strengthening Economic Impact Studies of the Arts

Despite the problems associated with economic impact studies of the arts, the studies have positive value and certainly have been used successfully to achieve support for the arts in many communities. This value of the studies can be enhanced if they are designed to address some of their shortcomings.

The design of economic impact studies could be improved significantly by codifying and standardizing their methods. Agreement on definitions of terms, methods of data collection, and the appropriate application of particular methods would be a major step toward such standardization. Standardized, how-to information for designing economic impact studies could be distributed to arts advocates and researchers through handbooks and special training sessions. The standardization that would result would build credibility and would allow for an aggregation of data that is not now possible. It also would lessen the time and resources expended on these studies--currently necessary because no standard design procedures are in place.

The design of economic impact studies of the arts also would benefit from development of measures of success for arts economic impact. The only measure of success in the studies seems to be that more is better--the more economic impact that can be demonstrated, the better. What is a significant or even acceptable level of impact for the arts

to demonstrate is not established. Because no standard is set, it is difficult to determine if there are situations where economic impact arguments should not be used. In addition, no goal is offered toward which arts organizations and communities might work. Because the goal continues to recede into the future--just produce more economic impact than what occurs now--discussion does not take place about what steps to take to reach a desired level of impact. Finally, when measures of success are not made explicit. questions tend not to be raised about whether economic impact is always positive. There may be situations or communities where economic impact of the kind discussed in these studies is, in fact, harmful and damaging--perhaps to the traditions, peace, or harmony of a community. Discussion of these questions is not encouraged in an atmosphere in which levels of success have not been defined.

The development of the measures used to judge success of the arts in economic terms also need to be expanded. Progress in economic impact studies of the arts needs to be measured in ways that go beyond aggregated figures of economic impact. Possible means of measurement in these studies do not generally include inquiry into phenomena such as increases in property values as a result of the operation of an arts facility in a community. Nor do they consider the qualitative return on a dollar of funding invested in the arts in comparison to a dollar invested in other

endeavors.

Another measurement of success in the studies might be the greater attractiveness to business and industry of workers who have been employed or had training in the arts. Such a measure would focus on the role the arts play in the development of human capital--the aggregate capacity of humans to analyze situations and respond competently to them through coordinated action. The arts help build human capital by developing the capacities of humans to receive, interpret, and respond to messages in new ways, and they open the possibility for a diversity of creative responses to problems and issues. The arts' capacity to build human capital, then, might be an element that should be measured in these studies.

Quality of life is another dimension of the arts that needs to be measured more adequately in economic impact studies. Although overused and elusive in definition, this term commonly includes some notion of an important role for the arts in the improvement of the quality of life. Some attempt to investigate the connection between the arts and quality of life has been made in economic impact studies that include surveys of the attitudes of business and community leaders toward the arts and investigations of the role the arts play in business-relocation decisions. But quality of life needs to be a central feature of economic impact studies of the arts, measured in much broader,

quantitative and qualitative terms.

These are but a few of the ways economic impact studies of the arts might be improved. The primary challenge now is to move beyond continued demonstrations that the arts contribute to a community's economy; we know that. Instead of repeating this kind of inquiry and continuing to discover that the arts have economic impact, the inquiry now should move to the asking of different questions.

Advocacy Beyond Economic Impact

Economic impact studies of the arts represent only one response to the current environment for the arts; other kinds of responses need to be developed as well so that economic impact studies of the arts recede in importance and become part of a fabric for advocacy of the arts rather than a central rationale. Using as a base the findings of the last twenty years of economic impact studies, new questions about the value of the arts and the presentation of that value can broaden significantly the view of the arts and advocacy efforts in support of them.

The arts-advocacy strategies of the future must address several challenges. One is that they must be based on a consensus as to the scope of the arts industry. The highly varied definitions of the arts industry--found not only in economic impact studies but also in other research and advocacy documents--suggest a lack of consensus in the field on self-definition. The only consensus the arts industry

seems to have is that it encompasses non-profit arts organizations. Beyond that, whether the industry includes public radio and television, the commercial film and recording industries, the retail arts industry, the graphic design industry, or others is open to question. Once the arts industry arrives at a consensus of what it is, economic impact studies may change markedly. But more important, depending on what is included, economic impact studies may prove to be superfluous. Through redefinition, the arts industry may acquire obvious economic worth. Beyond the studies, a consensus on self-definition in the arts industry will suggest potentially new coalitions for the arts and new strategies resulting from those coalitions for use in arts-advocacy efforts.

Advocacy efforts for the arts also must address the fact that the arts are not widely valued in American society. The economic impact study is one tool for approaching those who do not value the arts; its goal is to convince them that the arts have a standard kind of value--economic value. But economic impact studies do not get to the heart of the question of why people do not value the arts and how they can be encouraged to do so. This line of inquiry, in addition to potentially unearthing multiple strategies for addressing the question, alerts the public to the fact that the central issue in valuing the arts is not the enumeration of economic impact. Valuing of the arts is

the goal, for which many strategies need to be developed; economic impact studies of the arts constitute one such strategy. Proving economic impact of the arts is not the goal itself.

Finally, economic impact studies are reactive tools. They are crafted to answer questions about the economic worth of the arts posed by the economic emphasis of the political and corporate structure that developed in the 1970s and 1980s. Although an appropriate response to these concerns, the studies are weak as strategies in that they are rooted in the conceptual framework of the political and economic structure--of those who question the value of the arts and are not inclined to support them. They constitute a response to the challenge, then, in terms of the challengers' vocabulary and rules. These emanate from the strengths of the challengers rather than from the strengths of the arts. New strategies for arts advocacy must be invented for conditioning the arts industry's environment that are rooted in the framework and strengths of the arts. When the arts develop such strategies, those in the economic and political environment will be compelled to relate to the arts on the arts' own terms.

Certainly, there still will be a need for special reactive strategic tools such as economic impact studies of the arts, but these should move to the edge of the advocacy strategy and no longer occupy a central position in the

effort to persuade Americans to value the arts. When arts advocates successfully frame proactive, arts-based arguments for the arts, they will begin to enjoy substantial success in persuading the public and policy makers that the arts are an essential and valuable component of life that deserve their support.

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